

## **PART 4 FAMILY - RELATED BUDGETING**

### **SECTION 1 FAMILY - RELATED ASSET LIMIT**

If the assistance unit is below the maximum asset limit any day of the month, the unit is potentially eligible for coverage for that month.

- I. The countable asset limit for the following Categorically Needy groups is \$2000:
  - A. Section 1931 eligibles;
  - B. individuals age 19 and 20;
  - C. Refugees/Asylees; or
  - D. parents and caretaker relatives with income between 150% - 200% of the FPL (See Chart 6).
- II. There is no asset limit for the following Categorically Needy coverage groups:
  - A. pregnant women;
  - B. children up to and including age 18 who are ineligible under Section 1931 of the Social Security Act;
  - C. Transitional Medicaid; or
  - D. individuals eligible under IV-E or State Adoption assistance.

To determine countable assets for the assistance unit, add the countable assets for all people who will be covered or counted in the assistance unit.

### **SECTION 2 FAMILY - RELATED INCOME LIMITS**

Categorically Needy countable income limits are as follows:

- I. parents or caretaker relatives eligible under Section 1931 of the Social Security Act: equal to or less than 150% of the Federal Poverty Level (See Chart 6).
- II. parents or caretaker relatives, as identified in Part 3, Section 4.5.3: greater than 150% and equal to or less than 200% of the Federal Poverty Level (See Chart 6).
- III. individuals age 19 and 20: equal to or less than 150% of the Federal Poverty Level (See Chart 6).
- IV. pregnant women: equal to or less than 200% of the Federal Poverty Level (See Chart 6).
- V. children under age 1: equal to or less than 185% of the Federal Poverty Level (See Chart 6).
- VI. children age 1 up to and including age 18 (under age 19): equal to or less than 150% of the Federal Poverty Level (See Chart 6).

The Medically Needy countable income limit is the Protected Income Limit (PIL) for the appropriate assistance unit size (See Chart 5). For Medically Needy eligibility criteria, see Part 10.

### **SECTION 3 BASIC BUDGETING PRINCIPLES**

To determine eligibility for the assistance unit, the following steps must be taken. These steps are detailed in this section.

- Determine the assistance unit size.
- Determine whose income will be budgeted.
- Determine the gross monthly income of the assistance unit members and those individuals who are responsible for them.
- Deduct disregards.
- Compare the result to the appropriate Federal Poverty Level (see Chart 6) for Categorically Needy or the Protected Income Level (PIL) (see Chart 5) for Medically Needy, whichever is appropriate.

#### **Section 3.1 Assistance Unit Size**

For a description of assistance units see Part 2, Section 2.

- I. Determine who is requesting coverage.
- II. Determine who must be included in the assistance unit:
  - A. Add the child's legal parent(s) in the home, even if they are not to be covered, unless they are receiving SSI. If the parent is included in a SSI or State Supplement budget, the portion of the money allocated to the individuals in the assistance unit by SSI or State Supplement budgeting is counted in determining eligibility for this assistance unit (See Part 3, Section 3 for financial responsibility of relatives).
  - B. Only when a woman's eligibility is based on pregnancy are the needs of the unborn child or children used to determine her eligibility. The needs of the unborn child or children are not used to determine eligibility for other household members.

#### **Example:**

A nineteen year old pregnant woman is living alone and working. Her earnings place her over the Categorically Needy payment standard for an individual under age 21. At this point, the Eligibility Specialist must consider the needs of the unborn child in determining eligibility, using the standards for two.

- III. Determine all others who may be added to the assistance unit. These households members are:
  - stepparents
  - caretaker relatives
  - any step or blood relative under age 21

#### **Section 3.2 Use of Income**

Count the income of anyone who is included in the assistance unit. In addition count income that is deemed to the assistance unit as identified in Section 3.6 of this Part.

### **Section 3.3 Determination of gross monthly income (See Part 17)**

The source of income and the time frame in which it is received must be considered in determining the gross income for a particular month.

### **Section 3.4 Disregards**

The following are deducted from gross non-excluded income.

#### **Section 3.4.1 Disregards from all Income**

- I. Child support ordered by a court or Title IV-D (DSER) -  
Income used to comply with the terms of court - ordered child support or Title IV-D (DSER) child support order for children outside the home will be disregarded. This also applies to income which is garnished for court ordered or Title IV-D child support.
- II. Income allocated to dependents -

There are situations where an adult member of the assistance unit is legally responsible for the support of individuals living in the home who are not eligible for coverage under a Family - Related group. For example, a legal parent allocating to a stepparent or a mutual child.

In such situations, that portion of the adult's income necessary to meet the unmet need of these dependents will be disregarded in the computation of available income. The unmet need will be determined by applying the available income of the dependents to the appropriate Full Need Standard (Chart 2).

If the adult member of the assistance unit elects to exclude an otherwise eligible child from the assistance unit, no allocation of the adult's income will be made toward the needs of the child. The child will be considered self-sufficient. In addition, income will not be allocated to any dependent with cashable assets in excess of the limit for the Section 1931 coverage group.

When determining eligibility based on pregnancy no allocation can be made to an unborn child.

#### **Section 3.4.2 Earned Income Disregards**

- I. Work-related expenses (WRE) -  
Disregard the first \$90.00 per month of the total income earned by each individual in the assistance unit. This \$90.00 disregard applies whether the individual is working part-time or full-time.
- II. Dependent Care -  
Disregard the actual cost, not to exceed \$200 per month, for the care of each child under the age of two who is living in the home and receiving Medicaid.

Disregard the actual cost, not to exceed \$175 per month, for the care of each child age two and older or an incapacitated adult who lives in the home and receives Medicaid.

The above disregards apply whether the individual is working full or part-time.

### **Section 3.5 Income Limit**

Compare the result to the appropriate Federal Poverty Level (Chart 6).

If eligibility does not exist as Categorically Needy due to excess income or assets, eligibility may be gained through Medically Needy. Medically Needy applies the same budgeting procedures as Categorically Needy to determine countable income, however the income limit is the Protected Income Level (PIL).

### **Section 3.6 Special Budgeting Procedures**

Add the income deemed under any special budgeting procedure below. When determining eligibility for stepparent families, pregnant minors, minor parents, strikers, or when other family members receive SSI/State Supplement, special budgeting procedures must be followed.

#### **Section 3.6.1 Stepparents**

When determining coverage for a family with a stepparent, the following Medicaid rules must be applied.

- I. A stepparent is financially responsible for his/her spouse, but not his/her stepchildren.
- II. Children are not financially responsible for their parents or their siblings.
- III. Legal parents are financially responsible for their children with whom they reside except for an independent child. An independent child is an 18 to 21 year old who is pregnant or a parent.
- IV. An individual over age 21 needs to reside with and get coverage in the same assistance unit with their child under age 18 (or is in school and will not graduate before their 19<sup>th</sup> birthday) in order to have a Section 1931 coverage group.

Opting off and income allocation - "Opting off" means that an individual has a coverage group and could be included in an assistance unit but is not included in that particular assistance unit.

- V. A child can opt off. If a child opts off:
  - A. the child is not counted in the assistance unit size;
  - B. the child's income does not count in (is not deemed to) the assistance unit; and
  - C. there is no income allocation to this child.
- VI. A legal parent is financially responsible for his/her child. The legal parent must be part of the assistance unit with his/her legal child unless the legal parent needs are met by a stepparent who is excluded. In this situation the legal parent is not included in the assistance unit size with his/her legal child. The legal parent's income is still counted for (deemed to) his/her legal child. The legal parent's gross income is used in this situation. See Chart 2.

VII. A stepparent can opt on or off. If off, his/her assets do not count for the legal parent. If the stepparent is excluded from the assistance unit in order to cover the stepchild:

- A. the stepparent is not counted as part of that assistance unit.
- B. stepparent income does not count for the stepchild but is counted for the legal parent.
- C. all children for whom the stepparent is legally responsible must be removed from the assistance unit (the mutual child and stepparent's legal child).
- D. the legal parent can allocate to the stepparent and to the mutual child after stepparent income has been allocated to them.

If the stepparent is excluded from the assistance unit for any reason other than to get coverage for the stepchild or the stepparent's assets are more than \$2,000, the legal parent cannot allocate income to the stepparent. The legal parent can still allocate to the mutual child (after any stepparent allocation). See Chart 2.

VIII. If the household consists of the stepparent, legal parent, stepchildren, and mutual children under age 21, first determine if the whole unit meets the financial criteria. If the entire unit is not eligible, there are several options:

- A. Any child may be removed along with that child's income and assets. That child may be eligible as a member of another assistance unit as long as all financial eligibility rules are followed, specifically, financial responsibility.
- B. A stepparent may choose to be excluded from the assistance unit. A stepparent must be excluded if his/her income causes ineligibility for the stepchild.

**Note:** If the stepparent is excluded from an assistance unit, all the children for whom the stepparent is financially responsible must be removed from this assistance unit. This includes the mutual children. An allocation must be made by the stepparent for those members who have been removed. These individuals may be eligible as members of another assistance unit as long as all financial eligibility rules are followed. When the stepparent is not included, the following exclusions will be applied to the stepparent's income:

1. The first \$90.00 of the stepparent's gross earned income.
2. An additional amount equal to the appropriate Full Need Standard for the support of the stepparent and other individuals who are living in the same household but whose needs are not taken into account in making the Medicaid eligibility determination and for whom the stepparent is financially responsible or are claimed by the stepparent as dependents for IRS purposes.
3. Any actual payments of alimony or child support to persons not living in the home.
4. Any amount actually being paid by the stepparent to individuals not living in the home but who are claimed or could be claimed by the stepparent as dependents for IRS purposes and under IRS rules.

## Part 4 Family Related Budgeting

All of the remaining income is considered available to the remainder of the assistance unit as unearned income.

**Note:** When the stepparent is an SSI recipient, the stepparent's needs, as well as income and assets, will be excluded in the determination of eligibility for the remainder of the assistance unit.

### C. The legal parent may be removed -

When the legal parent is removed, some or all of the legal parent's income may be used to determine the eligibility of the stepchildren. The amount of the legal parent's income available to the remaining assistance unit depends on how much of the legal parent's needs are met by the stepparent's income.

To determine the amount of the legal parent's income which is available to the stepchildren if the legal parent is removed:

1. Determine the countable monthly income of the stepparent as in VIII (B) above. If this amount is equal to or more than the appropriate Full Need Standard for one adult, the legal parent's needs are considered to be met. All of the legal parent's gross income is considered as unearned income, available to meet the needs of the stepchildren. Do not count any of the stepparent's income to meet the needs of the stepchildren.
2. Subtract any allocations from the legal parent's income (such as an allocation to a mutual child if the stepparent cannot meet the child's needs. The legal parent can also allocate to the stepparent as long as the stepparent is excluded in order to cover the stepchild.
3. Compare the result with the appropriate Full Need Standard for one adult.

If this amount is less than the appropriate Full Need Standard (see Chart 2) for one adult, the legal parent's needs are not considered to be met. Subtract from the legal parent's gross income enough to meet the unmet need. The remainder of the legal parent's income is considered available as unearned income to meet the needs of the legal parent's children.

### Section 3.6.2 Pregnant Minors and Minor Parents

A minor parent or pregnant minor is a legal parent who is under 18 years of age. In Medicaid, the financial responsibility of relatives is limited to available income from the grandparents to the minor parent or pregnant minor only, not to the grandchild. Therefore, a case involving a minor parent or pregnant minor maybe treated the same as an excluded stepparent case substituting the term "grandparent" for the term "stepparent" and "minor parent" for "legal parent". See Stepparent section, above.

When eligibility is based solely on pregnancy, see Part 3, Section 4.3.

If the grandparent(s) wants coverage, or it is to the advantage of those wanting coverage, everyone can be included as one assistance unit.

### Section 3.6.3 Strikers

#### Definitions:

A "**strike**" is "any concerted stoppage of work by employees (including a stoppage by reason of expiration of a collective bargaining agreement) and any concerted slowdown or other concerted interruption of operations by employees" (29 USC §142(2) - National Labor Relations Board).

**"Participation in a strike"** means an individual is involved in a strike, including persons who are absent from work without good cause during the strike period.

**"Good cause for absence"** means an individual may be absent from work provided the reason for absence is vacation, illness or emergency which began prior to the strike and continues into the strike period as long as the individual intends to return to work at the end of the vacation, illness or emergency regardless of whether or not the strike continues. An individual may also be absent for good cause if the individual can demonstrate that to return to work would jeopardize health and safety.

It is assumed that an individual who is participating in a strike on any day of the month will be on strike on the last day of the month. A striker who is on strike on the last day of the month is ineligible for assistance until the strike is ended. If the individual was assumed to be on strike on the last day of the month but the strike was settled prior to the last day of the month, coverage may be given for that month.

When a parent, stepparent or other specified relative included in the assistance unit is participating in a strike without good cause on the last day of the month, the income and assets of the individual are treated as if they were not on strike. See Section 3.6.1 of this Part, (for the stepparent) or Part 3, Section 3 (for the parent or specified relative) for the remaining assistance unit.

### Section 3.6.4 Family Members who are SSI/State Supplement Recipients

In Family - Related coverage groups, when SSI or State Supplement payments are received by some family members, that member is not included in the assistance unit. The SSI/State Supplement payment is excluded income. Only income allocated by SSI budgeting to individuals in the assistance unit is counted in determining eligibility.

#### Examples:

1. The family consists of a husband, wife and two mutual children. The wife receives SSI, the husband is employed and neither of the children have income. SSI budgeting has an ineligible child allocation that is adjusted annually. SSI makes an allocation for each of the ineligible children (See Chart 3.2). The assistance unit size is three, consisting of the husband and two children. Countable income for the assistance unit is the sum of the ineligible child living allowance for each child (twice the amount in Chart 3.2).
2. The family consists of a husband, wife and two mutual children. One child receives SSI. The only household income is the father's earnings. SSI has a parent allocation and an ineligible child allocation that is adjusted annually (See Chart 3.2). SSI allocates a parent allocation and an ineligible child allocation. The assistance unit size is three, consisting of the parents and the child not on SSI. Countable income for the assistance unit is the sum of the allocation for two parents in the household and the ineligible child living allowance.